



# INTERNATIONAL EGG AND POULTRY REVIEW



U. S. Department of Agriculture

Agricultural Marketing Service

Poultry Programs

Market News Branch

## **Mexico's Egg Industry Reduces Growth Expectations for 1999**

As a result of economic slowdown, Mexico's egg sectors expect a growth rate of 2 percent instead of the previously projected 3 percent. FAS/Mexico continues to forecast imports of U.S. eggs during 1999 will fill Tariff Rate Quota (TRQ) levels. Hatching eggs, however, are projected to account for more than 60 percent of those imports.

Mexican egg producers face increased feed costs and depressed wholesale prices. Reportedly, the average production cost for eggs is 6.75 pesos per kilogram (U.S.\$1.00=10.75 pesos, one dozen large eggs would cost 43 cents). It should be noted that FAS/Mexico has based this new forecast on a blend of data gathered from industry sources during a field visit to the state of Jalisco, which produces approximately 33 percent of total egg production. FAS/Mexico revised upward the 1998 preliminary estimate of egg production based on updated industry data.

Oversupply problems started in early 1999 when producer prices fell below production costs. As a result, most producers will be forced to gradually reduce production to bring it more in line with demand. Producers estimate that the average production per hen per year is 264 eggs.

Estimates for 1998 consumption have been revised upward based on more recent industry data. Eggs are still the cheapest source of animal protein in Mexico. Domestic egg consumption depends heavily on retail prices rather than quality or other issues.

On NOM-159, the Government of Mexico still has yet to publish the final rule on sanitary standards for shell table eggs and eggs products. This regulation would require local distributors to keep shell eggs and egg products refrigerated which were packed and shipped under refrigeration, which is not a common practice in Mexico. According to industry sources, the publication of the final sanitary standard is expected by late 1999.

Imports of U.S. eggs in 1999 are forecast to be above the NAFTA TRQ level of 7,535.4 MT. Consequently, the forecast for total imports of all egg types was revised upward. According to Mexico's National Poultry Association (UNA), 1998 imports of U.S. hatching eggs were larger than expected due to some outbreaks of Avian Leucosis. Given that the same may occur in 1999, FAS/Mexico revised upward the 1999 import forecast for hatching eggs. Likewise, imports are also regulated by NOM-044 which could stop trade if implemented as currently written.

The 1998 estimate of shell eggs imports has been revised downward slightly. Imports of fresh table eggs have remained

limited due to a combination of higher U.S. prices and Mexico's TRQ auction system. Hatching eggs are primarily imported by local egg producers and fill most of the TRQ for eggs.

Domestic egg producers are well prepared to face competition from U.S. table eggs. Demand for high quality table eggs have been met by domestic producers marketing products in one dozen cartons. U.S. table eggs, however, have captured some market niches in northern consumer centers far from producing regions. Moreover, U.S. processed egg products (liquid, frozen, and dried products) could also increase their market share based on effective promotional campaigns. Sources stated that promotion of these products should interest the Mexican bakery industry and other food processors. Production of processed egg products in Mexico is still negligible, approximately 5 percent of total production. It should be noted, however, that if NOM-159 on sanitary standards for shell table eggs and egg products is implemented, eggs could be virtually banned from Mexico.

Source: USDA/Foreign Agricultural Service

## **1997-1998 JAPANESE FROZEN BROILER IMPORTS (IN TONS)**

Month	United States	China	Brazil	Thailand	Total
<b>1997</b>					
January	6,063	16,451	7,441	7,191	37,146
February	6,340	10,915	8,135	6,776	32,166
March	7,684	15,320	6,568	6,280	35,852
April	7,359	14,910	3,273	8,281	33,823
May	7,525	18,644	12,679	6,703	45,551
June	10,454	17,463	8,558	7,585	44,060
July	11,403	16,253	10,422	7,553	45,631
August	7,838	15,216	10,357	6,489	39,900
September	8,105	15,535	9,614	7,350	40,604
October	9,305	15,535	7,918	8,354	41,112
<b>Total</b>	<b>82,076</b>	<b>156,242</b>	<b>84,965</b>	<b>72,562</b>	<b>395,845</b>
<b>1998</b>					
January	8,398	14,330	6,066	8,744	37,538
February	9,086	9,286	6,911	9,491	34,774
March	5,811	13,846	5,615	10,243	35,515
April	9,531	15,652	6,090	10,369	41,642
May	8,722	15,742	5,698	8,953	39,115
June	8,897	19,615	5,669	11,061	45,242
July	7,956	19,049	5,103	10,508	42,616
August	6,855	19,646	5,919	8,916	41,336
September	7,014	14,425	3,378	10,341	35,158
October	9,588	13,820	7,994	10,086	41,488
<b>Total</b>	<b>81,858</b>	<b>155,411</b>	<b>58,443</b>	<b>98,712</b>	<b>394,424</b>

Source: ALIC Monthly Statistics

**INSPECTED EGG PRODUCTS****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Type	Week Ending		Year-To-Date	
	1999	1998 /1	1999	1998
Liquid	143	246	1,050	580
Frozen	0	0	6	0
Dried	0	0	0	40
Total	143	246	1,056	620

**U.S. Imports From Canada, in Pounds (Preliminary)**

Type	Week Ending		Year-To-Date	
	1999	1998 /1	1999	1998
Liquid	124	101	300	512
Frozen	22	0	51	11
Dried	0	0	0	0
Total	146	101	351	523

**Inspected Shell Eggs****U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

	Week Ending		Year-To-Date	
	1999	1998 /1	1999	1998
Jumbo	0	0	0	0
Extra Large	0	0	1,050	1,175
Large	1,580	800	5,284	4,000
Medium	0	0	300	950
Ungraded	2,970	0	30,419	0
Misc	0	0	0	0
Total	4,550	800	37,053	6,125

/1 Comparable Week, to-date figures may not total due to rounding.

**CENTRAL REGION** PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. February 05,1999

**CHICKEN PRICES**

FAT	FROZEN		FRESH	
	FOB	DELIVERED	FOB	DELIVERED
CONTENT	DOCK		DOCK	
15% OR LESS				
RANGE	-	-	-	-
WTD AVG				

0 pounds, this includes 0 pounds for export shipment.

**CHICKEN PRICES, WITH ADDED SKIN**

15% OR LESS				
RANGE	-	16.50	12.25-15.00	15.00
WTD AVERAGE		16.50	13.93	15.00

334,400 pounds, this includes 160,000 pounds for export shipment.

15-20%				
RANGE	13.00	13.25-13.50	8.00-15.50	10.00-14.00
WTD AVERAGE	13.00	13.45	11.22	11.95

2,900,800 pounds, this includes 480,800 pounds for export shipment.

20% OR MORE

RANGE	-	-	-	13.50-14.75
WTD AVERAGE				14.33

244,800 pounds, this includes 0 pounds for export shipment.

\* INCLUDES THE FOLLOWING STATES: CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

**LIVE POULTRY SLTRD UNDER INSPECTION** W/E 30-JAN-99 (PRELIMINARY)**U.S. FOWL SLAUGHTERED DOMESTICALLY (000'S)**

	LIGHT	HEAVY	TOTAL
	HENS	HENS	HENS
HEAD	2,287	1,378	3,665
LAST WEEK	2,408	1,211	3,619
SAME WEEK YR AGO	2,087	1,156	3,243
TO-DATE/1999	9,083	5,449	14,532
TO-DATE/1998	8,339	4,944	13,283

**U.S. FOWL SLAUGHTERED IN CANADA**

	LIGHT	HEAVY	TOTAL
	HENS	HENS	HENS
HEAD	588	20	608
LAST WEEK	475	14	489
SAME WEEK YR AGO	611	0	611
TO-DATE/1999	1,978	34	2,012
TO-DATE/1998	2,148	8	2,156

SOURCE: AGRICULTURE CANADA, POULTRY DEVELOPMENT DIVISION

**TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA**

	LIGHT	HEAVY	TOTAL
	HENS	HENS	HENS
HEAD	2,875	1,398	4,273
LAST WEEK	2,883	1,225	4,108
SAME WEEK YR AGO	2,698	1,156	3,854
TO-DATE/1999	11,061	5,483	16,544
TO-DATE/1998	10,487	4,952	15,439

**EASTERN REGION** PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. February 05,1999

**CHICKEN PRICES**

FAT	FROZEN		FRESH	
	FOB	DELIVERED	FOB	DELIVERED
CONTENT	DOCK		DOCK	
RANGE	15.00-16.00	16.00	17.00	17.00
WTD AVERAGE	15.41	16.00	17.00	17.00

1,178,000 pounds, this includes 250,000 pounds for export shipment.

**CHICKEN PRICES, WITH ADDED SKIN**

15% OR LESS				
RANGE	-	15.50	-	16.00
WTD AVERAGE		15.50		16.00

160,000 pounds, this includes 0 pounds for export shipment.

15-20%				
RANGE	11.00-12.50	12.00	12.00-13.20	12.50-13.00
WTD AVERAGE	11.58	12.00	12.08	12.88

2,040,000 pounds, this includes 208,000 pounds for export shipment.

20% OR MORE				
RANGE	13.00	-	-	-
WTD AVERAGE	13.00			

375,000 pounds, this includes 0 pounds for export shipment.

\* INCLUDES THE FOLLOWING STATES: AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

**YOUNG TURKEY PARTS AND BULK MEAT**, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS

FEBRUARY 05, 1999

Frozen thigh meat undertone steady to instances weak, mostly steady to barely steady. Undertone firm on tom breast meat and destrapped tenderloins; bulk parts at least steady with wings strongest and spot unsettledness noted in the Midwest on tom drums, 4-8 lb. breasts barely steady to fully steady with private labels strongest. Domestic demand light on fresh mechanically separated turkey, domestic bulk parts and thigh meat. Fresh open priced thigh meat, tom breast meat and line run 20 lb. and heavier canner pack trading light. Tom drums noted at 24 cents delivered April. Canner pack toms fully steady.

**FRIDAY, FEBRUARY 05, 1999****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS		R	16.00	40	17.85	496
WINGS FULL-CUT - TOMS		W	17.00	312	17.14	364
WINGS, V-TYPE, TOM		M	26.00	208	26.00	208
TAILS		W	19.18	224	19.54	316
MECHANICALLY SEPARATED 4/		W	13.97	692	13.99	784
THIGH MEAT - FROZEN	39.00-44.00		43.71	900	44.82	3,038

**THURSDAY, FEBRUARY 04, 1999****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	16.00		16.00	40
WINGS FULL-CUT - TOMS		W	17.00	312
WINGS, V-TYPE, TOM		M	26.00	208
TAILS		W	19.18	224
MECHANICALLY SEPARATED 4/		W	13.97	692
THIGH MEAT - FROZEN	43.00-45.00		44.14	440

**WEDNESDAY, FEBRUARY 03, 1999****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	18.00-19.50		18.20	300
WINGS, V-TYPE, TOM		M	26.00	208
TAILS	18.50-21.00		19.18	224
MECHANICALLY SEPARATED 4/	13.00-15.50		13.97	692
THIGH MEAT - FROZEN	41.00-46.00		44.42	1,050

**TUESDAY, FEBRUARY 02, 1999****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	17.00		17.00	52
WINGS, V-TYPE, TOM		M	26.00	208
TAILS	20.00		20.00	52
MECHANICALLY SEPARATED 4/	13.00		13.00	40
THIGH MEAT - FROZEN	45.50-50.00		47.50	608

**MONDAY, FEBRUARY 01, 1999****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	18.00		18.00	104
WINGS, V-TYPE, TOM	26.00		26.00	208
TAILS	21.00		21.00	40
MECHANICALLY SEPARATED 4/	15.00		15.00	52
THIGH MEAT - FROZEN	47.00		47.00	40

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.